

Buchanan Street Partners

Urban Real Estate Development and Financing Programs

California Debt and Investment
Advisory Commission
October 17, 2003

BUCHANAN STREET
PARTNERS

*Realty Capital and
Investment Management*

Buchanan Street Partners

Firm Profile

West Coast based real estate investment bank.

Provides capital for owners and developers.

Arranges conventional and structured debt solutions through longstanding capital market relationships.

Principal investments with discretion through Buchanan Capital Partners.

Offices in Newport Beach, Los Angeles, And San Francisco.

Buchanan Street Partners

Primary Business Segments

Buchanan Realty Capital

Buchanan Capital Partners

Buchanan Realty Capital

Provides alternative capital structures for real estate operators:

- Conventional - construction, bridge and permanent.
- Structured - mezzanine debt and equity.

All commercial & Multi-family property types.

Projected 2003 volume of over \$1 billion.

Distribution channel for Buchanan Capital Partners.

Buchanan Capital Partners

Registered Investment Advisor – private and institutional investors.

Series of Fully Discretionary Funds – ongoing investing capacity.

Focus on seasoned, relationship driven Sponsors with repeat investment opportunities.

Alternative capital structures available.

Investment Profile

Value Added - Near-term value creation through rehabilitation, repositioning, lease rollover, etc.

New Development - Entitlements, construction, leasing and other risks mitigated, market exhibits sustainable supply/demand imbalance.

Recapitalizations – Equity recapture, partner buy-outs, debt restructuring.

Investment Structures

Joint Venture/Pari-Passu Equity

True Joint Venture structure.

Capital and Returns treated equally among partners.

Attracts higher % of Operating Partner equity.

Operator interests aligned.

Investments positioned for greater potential upside.

Investment Structures

Preferred Equity

Operating partner capital subordinate to Buchanan capital.
Returns may be subordinate.

Lesser equity contribution from Operating Partner.

Preferential return of capital and returns.

Fixed yields can mitigate return volatility.

Allows operating partner to hold asset with predefined exit for Buchanan.

Target Investment Parameters

Geography:	CA, OR, WA, AZ, UT, NV
Property Types:	Multifamily, Industrial, Retail, Office & Self Storage
Investment Size:	\$3 million to \$20 million
Total Project Cost:	\$10 million to \$80 million
Term:	2-5 Years
Sponsorship:	Experienced, Relationship Driven, Repeat Opportunities

What The Sponsor Must Know

What is the business plan?

What are the entitlement risks?

What is the exit strategy? How? When? Why?

Define supply side risks, identify demands.

Does market data support pro forma assumptions? i.e., don't rely on rental growth.

Demonstrated sponsor expertise.

Representative Transactions

Mall of Orange - 800,000 sf Regional Mall

Premiere at CityPlace - 221-Unit Apartment Complex

Country Club Plaza - 441,000 sf Regional Mall

On Broadway - 189,000 sf Retail Center

Mall of Orange Orange, CA



Mall of Orange

1971 Regional Mall anchored by Sears, JC Penney's and WalMart. Sponsor purchased 280,000 sf of shops and pads. Sponsor equity of \$5.7 million, major renovation underway.

Buchanan Solution -

\$5.2 million in pref. equity, fixed return. \$45 million total cost.

Quick closing of complicated purchase.

Investment Objectives Met -

Classic repositioning of aging mall.

Improve retail services, adds jobs.

OCTA hub with 400 daily trips.

Premiere at CityPlace Long Beach, CA



Premiere at CityPlace

221-Unit apartment development over ground floor retail in major Long Beach redevelopment district. Part of larger \$1 billion Long Beach redevelopment.

Buchanan Solution -

\$5.6 million JV equity commitment. \$28 million total cost.

Entitlement, permitting risks mitigated, allowed funding.

Investment Objectives Met -

Housing/retail complement key to urban redevelopment.

24-hour neighborhood benefits service providers.

Promotes success of entire CityPlace Redevelopment.

Country Club Plaza Sacramento, CA



Country Club Plaza

441,000 sf mall redevelopment. Anchor tenants Macy's and Gottschalk's, new leases to Bed, Bath & Beyond, Sports Chalet. High traffic intersection.

Buchanan Solution -

\$10.7 million preferred equity, fixed return. \$45 million total cost.

Investment Objectives Met -

Repositions old mall, improves services to dense trade area.

Strong pre-leasing mitigated business plan risk.

Restores competitive edge, increases tax revenue.

On Broadway Redwood City, CA



On Broadway

Air rights development of 189,000 sf retail/entertainment center in Redwood City redevelopment district. Tenants include Century Theatres, Cost Plus World Markets.

Buchanan Solution -

\$10.5 million joint venture equity. \$32 million total cost.

Forward equity commitment enabled eminent domain.

Investment Objectives Met -

Restores retail services in aging CBD location.

Higher density, mixed-use, improved parking.

Cornerstone for further redevelopment in blighted area.

Market and Economic Trends

Urban infill preferable to suburban sprawl. Traffic congestion, 12 million new residents by 2020.

Communities and community governments increasingly supportive of urban development.

Increasing mainstream investor interest in urban infill development.

Increasing tenant interest – both commercial and residential.

Continued immigration accelerating the need for infill housing and services.

Buchanan Street's Vision

Urban development critical to support population growth.

Communities increasingly benefit from adaptive reuse.

Urban development more economically viable.

Important to align with capable and strategic partners.

Great opportunity in urbanization.

Successful Urban Investments

Strong community, civic leader support is crucial.

Recognize that uses need to make economic sense for capital, developer.

Streamlined entitlement process is critical.

Eminent domain when necessary.

Project is adequately capitalized.

Buchanan Street

Key Members

Robert S. Brunswick, President and CEO

Tim Ballard, Chief Investment Officer

Jim Ebert, Senior Vice President

Kristin Olson, Vice President

Buchanan Street Partners

Contact Information

Jim Ebert, SVP 415-318-4422

Steve Blue, VP 949-219-1587

Yates McKenzie, VP 310-536-1210

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